

Required Report - public distribution

Date: 8/25/2009

GAIN Report Number: TU9030

Turkey

LOCK-UP REPORT

Cotton Update

Approved By:

Ralph Gifford, Agricultural Counselor

Prepared By:

Ibrahim Sirtioglu, Agricultural Marketing Specialist

Report Highlights:

MY2009 cotton area and production are estimated to be 280,000 hectares and 370,000 MT (1.7 million bales), respectively. The decline in the planted area is due to better returns on other crops, namely corn and vegetables. Low demand in both the domestic and international textile markets have caused domestic cotton consumption to decline to 1.02 MMT (4.68 M bales). While total cotton imports declined during the first eleven months of MY 2008 to 553,726 MT (2.5 M bales), the market share of U.S. cotton remained at sixty-two percent. The GSM-102 Credit Guarantee Program continues to play an important role in U.S. cotton exports to Turkey. Opportunities exist for further utilization of the program if additional funds are made available.

Post:

Ankara

Commodities:

Cotton

Production

MY 2009 cotton area and production are now estimated to be 280,000 hectares and 370,000 MT (1.7 million bales), respectively, due to larger than anticipated switch to planting other crops. In all cotton growing regions, expectations of better income from a wheat-corn rotation and vegetables and also lower production costs for soy have persuaded many farmers to switch from cotton to these crops. As a result, planted area was much smaller than anticipated for first crop cotton cultivation. However, the government announced a TL 0.42 per kg production bonus for MY 2009 seed cotton, so this is expected to influence the second crop. Also, a decline in fertilizer prices has helped increase overall planting area.

While excessive rains in the beginning of the season made replanting necessary in the GAP region, favorable conditions reportedly improved yields in the Aegean and Cukurova regions. Despite the efforts of the government to increase planting, this year the level of cotton planting was the lowest since 1995. While the world price of cotton has remained stable over the years, domestic production costs have continued to increase, making cotton production unprofitable for most Turkish farmers. The future of cotton production in Turkey will depend largely on the anticipated increase in irrigated land in the GAP region. MY 2008 production estimates have been lowered to 420,000 MT due to unfavorable weather during the season and losses from late season rains.

Consumption

MY 2008 Turkish cotton consumption is estimated to be 1.02 MMT (4.68 million bales). The Turkish textile industry has been experiencing a major crisis since November 2007. A worldwide decline in demand for textiles, particularly in the EU member countries where the majority of Turkish textiles are exported, has caused Turkish textile exports to decline. The information available as of June 2009 indicates that Turkish textile and ready-to-wear product exports are down about twenty percent during the previous twelve months, compared to the same period a year earlier.

According to industry sources about 183 out of 350 mills either ceased operations or began working at a reduced capacity. Furthermore more than 40 mills are reported either to have moved to lower cost countries such as Egypt and CIS or sold their machinery to other countries, such as India and Pakistan. Industry sources indicate that more than 1 million spindles of spinning capacity have moved out of the country since 2008 and the situation has not improved since then.

Turkish textile exporters benefit from geographical proximity to export markets, fast response time for orders and higher quality products. Based on these advantages, Turkish textile producers are increasingly focusing on design and technical textile products to maintain their share in global markets.

Trade

According to available information, Turkey imported 553,726 MT (2.2.54 Million bales) of cotton during the first eleven months of MY 2008, of which 342,361 MT (1.57 million bales), or sixty-two percent, was from the United States. Greece, the CIS countries, Brazil and India were the other suppliers. The GSM-102 credit guarantee program continues to play an important role in U.S. cotton sales to Turkey. Opportunities exist for further utilization of the program if additional funds are made available.

Turkish cotton exports during the same period were about 9,700 MT (44,520 bales), about 2,700 MT of which was through Turkish free trade zones. Some of this cotton may be imported back in to the country. Turkey also exported about 15,000 MT of cotton for medical use during the same period.

Cotton bales) (1,000 Turkey	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Aug 2007			Market Year Begin: Aug 2008			Market Year Begin: Aug 2009		
	USDA Official Data		Post	USDA Official Data		Post	USDA Official Data		Jul
			Data			Data			Data
Area Planted	0	0	0	0	0	0	0		0
Area Harvested	520	520	520	345	380	340	280		280
Beginning Stocks	1,951	1,115	1,115	1,949	1,275	1,250	1,624		1,205
Production	3,100	3,100	3,100	2,100	2,300	1,930	1,700		1,700
Imports	3,268	3,100	3,265	2,600	3,100	2,755	3,100		2,870
MY Imports from U.S.	2,204	2,157	2,204	1,836	2,065	1,836	2,070		1,950
Total Supply	8,319	7,315	7,480	6,649	6,675	5,935	6,424		5,775
Exports	370	300	260	125	230	45	100		45
Use	6,000	5,740	5,970	4,900	5,510	4,685	4,900		4,820
Loss	0	0	0	0	0	0	0		0
Total Dom. Cons.	6,000	5,740	5,970	4,900	5,510	4,685	4,900		4,820
Ending Stocks	1,949	1,275	1,250	1,624	935	1,205	1,424		910
Total Distribution	8,319	7,315	7,480	6,649	6,675	5,935	6,424		5,775
Stock to Use %	31	21	20	32	16	25	28		19
Yield	1,298	1,298	1,298	1,325	1,318	1,236	1,322		1,322
TS=TD			0			0			0

Imports (Metric Tons)			
Country	Turkey		
Commodity	Cotton	Units:	Metric tons
Time Period	Aug/July		Aug/June
Imports for:	MY 2007		MY 2008
U.S.	480249	U.S.	342361
Others			
Greece	80268	Greece	123140
Total C.I.S.	63245	Total C.I.S.	27226
India	28440	Mersin FTZ	21503
Brazil	17309	Brazil	21013
Mersin FTZ	15989	India	9179
Egypt	5960	Egypt	4080
Syria	4150	Syria	565
		Senegal	340
Total for Others	215361		207046
Others not Listed	16056		4319
Grand Total	711396		553726

Imports (Bales)			
Country	Turkey		
Commodity	Cotton	Units:	Bales
Time Period	Aug/July		Aug/June
Imports for:	MY 2007		MY 2008
U.S.	2204343	U.S.	1571432
Others			
Greece	368430	Greece	565212
Total C.I.S.	290295	Total C.I.S.	124976
India	130540	Mersin FTZ	98696
Brazil	78210	Brazil	96500
Mersin FTZ	73390	India	42214
Egypt	27356	Egypt	18727
Syria	19048	Syria	2593
		Senegal	1560
Total for Others	987269		950478
Others not Listed	73696		19692
Grand Total	3265308		2541602

PSD Table						
Country	Turkey					
Commodity	Cotton				(HECTARES)(MT)	
	2007	Revised	2008	Estimate	2009	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		Aug-07		Aug-08		Aug-09
Area Planted	520000	520000	350000	350000	300000	280000
Area Harvested	520000	520000	345000	340000	300000	280000
Beginning Stocks	242897	242897	272563	272563	262563	262563
Production	675000	675000	450000	420000	400000	370000
Imports	711396	711396	600000	600000	675000	625000
MY Imp. from U.S.	480250	480250	400000	400000	450000	425000
TOTAL SUPPLY	1629293	1629293	1322563	1292563	1337563	1257563
Exports	56730	56730	10000	10000	10000	10000
USE Dom. Consumption	1300000	1300000	1050000	1020000	1100000	1050000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	1300000	1300000	1050000	1020000	1100000	1050000
Ending Stocks	272563	272563	262563	262563	227563	197563
TOTAL DISTRIBUTION	1629293	1629293	1322563	1292563	1337563	1257563